



MISSISSIPPI STATE TAX COMMISSION

Miscellaneous Tax Bureau

Notice 92-08-001

August 4, 2008

NOTICE TO ALL NATURAL GAS AND OIL PRODUCERS AND OPERATORS

Effective September 1, 2008, and subsequent production, the value of gas used as fuel, where there is no sale, must be determined under one of the following methods for gas severance tax purposes.

- If gas of like quality is sold in the same or nearby field, the value of the gas used shall be reported at the same value per MCF as that of the gas sold in the same or nearby field.
- If there is no sale of gas of like quality in the same or nearby field, under the provisions of Section 27-25-701(d), Mississippi Code of 1972, the value of gas used shall be reported at value determined by the commissioner. To determine the value used for each return, you will need to visit the State Tax Commission website, <http://www.mstc.state.ms.us/taxareas/misc/oilgasgn.htm> under the heading Gas Severance Value. This value will be determined by taking the average price reported on all returns filed with the State Tax Commission. The value will be updated periodically. Please continue to refer to the webpage for value updates.

This notice supersedes a September 30, 1988 memo issued by the State Tax Commission. The value of \$1.75 per MCF established by that memo will no longer be acceptable. The continued use of that value could result in an assessment of additional tax, penalty and interest.

Code Reference: 27-25-701(d)